



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

December 9, 2008

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**FIVE-YEAR OPTION TO RENEW LEASE NO. 66751
DEPARTMENT OF PUBLIC SOCIAL SERVICES
2700 GARFIELD AVENUE, COMMERCE
(FIRST DISTRICT) (3 VOTES)**

SUBJECT

This recommendation is for a five-year lease renewal of 60,140 square feet of warehouse and office space and 40 parking spaces located at 2700 Garfield Avenue, Commerce, for the Department of Public Social Services (DPSS).

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the lease renewal is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Class 1, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines.
2. Exercise the option to renew the lease for a five-year term with The Rosalinde and Arthur Gilbert Foundation (Lessor) for 60,140 rentable square feet of warehouse and offices space located at 2700 Garfield Avenue, Commerce, for DPSS at an annual first year rent not to exceed \$313,931. The rental cost for DPSS is 91 percent subvented by State and Federal funds and 9 percent net County cost.

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PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

DPSS has occupied 60,140 rentable square feet of warehouse and office space at this location since 1993. In 2001, DPSS refurbished the space and reduced its use from 60,140 rentable square feet to 52,640 rentable square feet. The remaining space or 7,500 rentable square feet is used by the Registrar-Recorder/County Clerk (RR/CC) solely for records storage. The warehouse space now occupied by DPSS includes approximately 10,000 square feet of office space which houses 45 warehouse operation, procurement and accounts payable DPSS staff, and 42,640 square feet of warehouse space used to house and distribute items necessary to service DPSS district offices Countywide.

The County has been on a holdover at this site since November 1, 2008, when the five-year lease expired. The Lessor has extended the option period through December 2008. Approval of this proposed lease renewal to Lease No. 66751 will allow the County to extend the term of the lease for five years.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we strengthen the County's fiscal capacity (Goal 4). In this case, we have consolidated multiple departmental functions in accordance with the Strategic Asset Management Principles, as further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The rental cost for the first year of the option period shall not exceed \$285,141 with annual Consumer Price Index (CPI) rental adjustments subject to a maximum 5 percent annual increase.

2700 S. GARFIELD AVE	EXISTING LEASE	LEASE RENEWAL	CHANGES
AREA (SQUARE FEET)	60,140	60,140	None
TERM	11/01/03 to 10/31/08 (Month-to-Month since 11/01/2008)	Upon approval by the Board of Supervisors	5 years
ANNUAL BASE RENT	\$302,546 (\$5.03/sq.ft.)	\$313,931 (\$5.22/sq.ft.)	+\$11,385
PARKING INCLUDED IN RENT	40 on-site spaces	40 on-site spaces	None
CANCELLATION	Anytime on 120 days notice after the 30th month	Anytime on 120 days notice	120 days notice
OPTION TO RENEW	One (5-year) option	One (5-year) option exercised	None
RENTAL ADJUSTMENT	Annual CPI with a cap of 5 percent	Annual CPI with a cap of 5 percent	None

Sufficient funding for the proposed lease renewal is included in the 2008-09 Rent Expense budget and will be charged back to DPSS and RR/CC in proportion to the amount of space they occupy. Sufficient funding is available in DPSS and RR/CC operating budgets to cover the proposed lease costs.

The annual lease cost for DPSS is \$274,781 which is approximately 91 percent subvention funded. The lease cost for the RR/CC is \$39,150 annually, which is a net County cost.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Notice of intent to exercise this option has been provided to the Lessor who has extended the time available for the County to exercise the renewal option. The lease renewal requires your Board to exercise the option and contains the following terms and conditions.

- The term commences upon Board approval and expires five years thereafter.
- There is a cancellation provision allowing the County to cancel anytime on 120 days prior written notice during the five-year term.
- The rent includes on-site parking for 40 vehicles.
- The lease continues on a triple net basis. The County is responsible for all utilities, operating, and maintenance costs.
- The rent under the lease renewal will be subject to annual CPI increases capped at 5 percent beginning at the second year of the term.
- There are no tenant improvements included with the renewal of the lease.

The Chief Executive Office (CEO) Real Estate staff surveyed Los Angeles County for alternative sites as requested by DPSS. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically. Additionally, CEO Real Estate staff surveyed the County areas that best could service this need of the department to determine the market rate of comparable sites. Based upon said survey, staff has established that the base rental range including parking for similar property is between \$5.70 and \$6.24 per square foot per year triple net. Thus, the base annual rent of \$5.22 per square foot for the base lease cost is below the market range. Attachment B shows County-owned and leased facilities within the search area for these programs and none are available to house these programs.

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The cost of renovating warehouse space and building-out office space at a new location is not feasible at this time. Should a more cost effective facility or housing approach become available in the near future, the early termination right negotiated in Lease Amendment No. 1 affords the County flexibility to pursue future warehouse opportunities that may become available.

The Department of Public Works previously inspected this facility and recommended a seismic upgrade which was completed by the Lessor in 2003.

NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

The CEO has made an initial study of environmental factors and has concluded that this project is exempt from CEQA pursuant to Class 1, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease renewal will provide the necessary office space for this County requirement. DPSS concurs with the proposed lease renewal.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors return two certified copies of the Minute Order and the adopted, stamped Board letter to the CEO, Real Estate Division, 222 South Hill Street, Los Angeles, CA 90012.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:DL:JSE
CEM:TS:hd

Attachments (2)

c: County Counsel
Department of Public Social Services
Registrar-Recorder/County Clerk

**DEPARTMENT OF PUBLIC SOCIAL SERVICES
2700 GARFIELD AVENUE, COMMERCE
Asset Management Principles Compliance Form¹**

1.	<u>Occupancy</u>	Yes	No	N/A
	A Does lease consolidate administrative functions? ²	X		
	B Does lease co-locate with other functions to better serve clients? ²		X	
	C Does this lease centralize business support functions? ²			X
	D Does this lease meet the guideline of 200 sq. ft of space per person? ² No. The space is warehouse space with office space for staff only.		X	
2.	<u>Capital</u>			
	A Is it a substantial net County cost (NCC) program? The lease cost for DPSS is 91 percent State and Federal funding. The lease cost for RR/CC is 100% net County cost.		X	
	B Is this a long term County program?	x		
	C If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X	
	D If no, are there any suitable County-owned facilities available?		X	
	E If yes, why is lease being recommended over occupancy in County-owned space?			X
	F Is Building Description Report attached as Attachment B?	X		
	G Was build-to-suit or capital project considered? The existing lease terms are lower than market rate and the program is State and Federally funded offsetting monthly rental costs.		X	
3.	<u>Portfolio Management</u>			
	A Did department utilize CEO Space Request Evaluation (SRE)?	X		
	B Was the space need justified?	X		
	C If a renewal lease, was co-location with other County departments considered?	X		
	D Why was this program not co-located?			
	1. ____ The program clientele requires a "stand alone" facility.			
	2. ____ No suitable County occupied properties in project area.			
	3. <u>X</u> No County-owned facilities available for the project.			
	4. ____ Could not get City clearance or approval.			
	5. ____ The Program is being co-located.			
	E Is lease a full service lease? ² Warehouse space is customarily leased triple net, requiring the County to be responsible for all cost associated with the occupancy.		X	
	F Has growth projection been considered in space request? The co-location has maximized use of the existing space.		X	
	G Has the Dept. of Public Works completed seismic review/approval?	X		
	¹ As approved by the Board of Supervisors 11/17/98			
	² If not, why not? Please bold any written responses.			

**DEPARTMENT OF PUBLIC SOCIAL SERVICES
2700 GARFIELD AVENUE, COMMERCE**

LACO	Facility Name	Address	Distance In Miles	Gross SQFT	Net SQFT	Vacant SQFT
5289	FIRE-PUMPER TEST AND STORAGE BUILDING	1320 N EASTERN AVE, LOS ANGELES 90063-3294	6.3	4,019	3,849	--
Y458	ISD-EASTERN AVE COMPLEX SPECIAL CRAFTS BLDG	1108 N EASTERN AVE, LOS ANGELES 90063	5.8	13,260	11,140	--
Y666	ISD-EASTERN AVENUE COMPLEX STORAGE BUILDING	1100 N EASTERN AVE, LOS ANGELES 90063	5.8	663	610	--
X734	WHITTIER NARROWS-STORAGE BLDG #1	1000 N DUFFEE AVE, SOUTH EL MONTE 91733	7.8	142	136	--
X740	WHITTIER NARROWS-STORAGE SHED NO.5	750 S SANTA ANITA AVE, SOUTH EL MONTE 91733	7.9	180	150	--
X741	WHITTIER NARROWS-STORAGE SHED NO.6	750 S SANTA ANITA AVE, SOUTH EL MONTE 91733	7.9	180	150	--
A257	MED CTR-SUPPLIES WAREHOUSE/MEDICAL RECORDS	2011 N SOTO ST, LOS ANGELES 90032	9.2	83,665	75,300	--
A391	DA-CRIMINAL FILE STORAGE/FRAUD INVESTIGATORS	5300 HARBOR ST, CITY OF COMMERCE 90040	2.2	52,300	49,685	--
A912	PROBATION-PROPERTY & SUPPLY WAREHOUSE	4549 TELEGRAPH RD, EAST LOS ANGELES 90022	3.4	13,590	9,851	--
A945	DPSS-DISTRIBUTION CENTER/MULTI-USE WAREHOUSE	2700 GARFIELD AVE, COMMERCE 90040	0.0	60,140	58,537	--
B050	REGISTRAR-RECORDER-SUPPLIES WAREHOUSE	1050 S MAPLE AVE, MONTEBELLO 90640	1.5	44,000	23,966	--
D530	TREAS & TAX COLLECTOR-PUBLIC ADMIN WAREHOUSE	4821 GREGG RD, PICO RIVERA 90660	5.4	75,000	62,180	--
0277	MED CTR-EMPLOYEES CHILD CARE CTR STORAGE SHED	1401 N MISSION RD, LOS ANGELES 90031	8.5	1,000	950	--
1465	JUVENILE HALL-STORAGE BUILDING-10A	1605 EASTLAKE AVE, LOS ANGELES 90033	9.3	1,816	1,617	--
1846	PW CENTRAL YARD-CARPENTER'S STORAGE BUILDING	1525 ALCÁZAR ST, LOS ANGELES 90033	9.3	2,400	430	--
1681	PW CENTRAL YARD-SWITCHBOARD ROOM STORAGE SHED	1525 ALCÁZAR ST, LOS ANGELES 90033	9.3	800	144	--
2362	PW CENTRAL YARD-MAINTENANCE GROUP WAREHOUSE	1525 ALCÁZAR ST, LOS ANGELES 90033	9.3	10,560	9,498	--
3108	JUVENILE HALL-STORAGE BLDG-12C	1605 EASTLAKE AVE, LOS ANGELES 90033	9.3	2,831	1,519	--
3373	PW CENTRAL YARD-EQUIPMENT WAREHOUSE	1525 ALCÁZAR ST, LOS ANGELES 90033	9.3	9,882	6,564	--
3375	PW CENTRAL YARD-ELECTRICAL VAULT/STORAGE BLDG	1525 ALCÁZAR ST, LOS ANGELES 90033	9.3	364	110	--
4081	SALAZAR-MAINTENANCE STORAGE BUILDING	3864 E WHITTIER BLVD, EAST LOS ANGELES 90023	4.4	384	302	--
4086	MAYBERRY-SERVICE STORAGE BUILDING	13201 E MEYER RD, WHITTIER 90605	7.8	375	345	--
4442	CITY TERRACE-STORAGE BUILDING	1126 N HAZARD AVE, EAST LOS ANGELES 90063	6.2	352	146	--
4585	MED CTR-STOREROOM	1100 N MISSION RD, LOS ANGELES 90033	9.9	1,004	940	--
4618	SORENSEN-SERVICE STORAGE BUILDING	11419 ROSEHEDGE DR, WHITTIER 90606	5.7	375	345	--
5261	MED CTR-GENERAL STORAGE BUILDING	1200 N STATE ST, LOS ANGELES 90033	8.0	131	108	--
5331	MED CTR-MEDICAL RECORDS/PHARMACY WAREHOUSE	1200 N STATE ST, LOS ANGELES 90033	8.0	1,004	940	--
5332	MED CTR-PHARMACY STOREROOM	1200 N STATE ST, LOS ANGELES 90033	8.0	1,134	1,065	--
5333	MED CTR-PHARMACY STORAGE	1200 N STATE ST, LOS ANGELES 90033	8.0	1,090	1,007	--
5334	MED CTR-STOREROOM	1200 N STATE ST, LOS ANGELES 90033	8.0	1,004	940	--
5458	PW CENTRAL YARD-MAIN WAREHOUSE	1537 ALCÁZAR ST, LOS ANGELES 90033	9.3	59,594	53,646	--
6481	MED CTR-BUILDING 110 - CENTRAL FILES STORAGE	1711 GRIFFIN AVE, LOS ANGELES 90031	9.2	10,242	7,693	--
6486	MED CTR-BUILDING 120 - SUPPLIES WAREHOUSE	1711 GRIFFIN ST, LOS ANGELES 90031	9.2	1,479	1,177	--
6493	MED CTR-OFFICE MACHINES STORAGE BUILDING	1739 GRIFFIN AVE, LOS ANGELES 90031	9.2	246	214	--
F445	PW FLOOD-RIVERVIEW STORAGE BLDG	603 RIVERVIEW RD, MONTEBELLO 90640	4.5	225	203	--
F446	PW FLOOD-RIVERVIEW STORAGE BLDG	603 RIVERVIEW RD, MONTEBELLO 90640	4.5	225	203	--
F447	PW FLOOD-RIVERVIEW STORAGE BLDG	603 RIVERVIEW RD, MONTEBELLO 90640	4.5	225	203	--
F448	PW FLOOD-RIVERVIEW STORAGE BLDG	603 RIVERVIEW RD, MONTEBELLO 90640	4.5	120	108	--
F449	PW FLOOD-RIVERVIEW STORAGE BLDG	603 RIVERVIEW RD, MONTEBELLO 90640	4.5	120	108	--
T053	ISD-WIDE SUPPORT-EMERGENCY SUPPLIES TRAILER	1104 N EASTERN AVE, LOS ANGELES 90063	5.8	267	240	--
T054	BISCALUZ-EMPLOYEE SUPPORT SERVICES CONTAINER	1060 N EASTERN AVE, LOS ANGELES 90063	5.8	660	634	--
X285	PW CENTRAL YARD-AUTO PARTS WAREHOUSE (BLDG-1)	2275 ALCÁZAR ST, LOS ANGELES 90033	9.0	8,640	7,776	--
X287	PW CENTRAL YARD-STORAGE BLDG #3	2275 ALCÁZAR ST, LOS ANGELES 90033	9.0	8,413	7,572	--
X290	PW CENTRAL YARD-HEAVY EQUIPMENT/ WELDING SHOP	2275 ALCÁZAR ST, LOS ANGELES 90033	9.0	10,752	9,677	--
X297	PW CENTRAL YARD-BURLAP BAG SHED	2275 ALCÁZAR ST, LOS ANGELES 90033	9.0	1,040	988	--
Y798	MED CTR-OFFICE EQUIPMENT & SALVAGE WAREHOUSE	1808 GRIFFIN AVE, LOS ANGELES 90031	9.1	25,114	24,511	--
Y802	MED CTR-WOMENS HOSPITAL MINI WAREHOUSE	1240 N MISSION RD, LOS ANGELES 90033	8.5	5,150	4,987	--
Y803	MED CTR-GENERAL HOSPITAL MINI WAREHOUSE	1900 ZONAL AVE, LOS ANGELES 90033	8.2	27,899	20,024	--
F318	PW FLOOD-IMPERIAL YARD STORAGE BUILDING	5525 E IMPERIAL HWY, SOUTH GATE 90280	6.4	300	285	--
F321	PW FLOOD-IMPERIAL YARD WAREHOUSE	5525 E IMPERIAL HWY, SOUTH GATE 90280	6.4	1,750	1,575	--
F323	PW FLOOD-IMPERIAL YARD STORAGE BUILDING	5525 E IMPERIAL HWY, SOUTH GATE 90280	6.4	150	142	--
F331	PW FLOOD-IMPERIAL YARD STORAGE BUILDING	5525 E IMPERIAL HWY, SOUTH GATE 90280	6.4	400	380	--
F332	PW FLOOD-IMPERIAL YARD STORAGE BUILDING	5525 E IMPERIAL HWY, SOUTH GATE 90280	6.4	144	137	--
F333	PW FLOOD-IMPERIAL YARD STORAGE BUILDING	5525 E IMPERIAL HWY, SOUTH GATE 90280	6.4	400	380	--
F334	PW FLOOD-IMPERIAL YARD STORAGE BUILDING	5525 E IMPERIAL HWY, SOUTH GATE 90280	6.4	120	114	--
F335	PW FLOOD-IMPERIAL YARD STORAGE BUILDING	5525 E IMPERIAL HWY, SOUTH GATE 90280	6.4	120	114	--
F336	PW FLOOD-IMPERIAL YARD STORAGE BUILDING	5525 E IMPERIAL HWY, SOUTH GATE 90280	6.4	400	380	--
F338	PW FLOOD-IMPERIAL YARD STORAGE BUILDING	5525 E IMPERIAL HWY, SOUTH GATE 90280	6.4	140	130	--
F339	PW FLOOD-IMPERIAL YARD STORAGE BUILDING	5525 E IMPERIAL HWY, SOUTH GATE 90280	6.4	120	114	--
F341	PW FLOOD-IMPERIAL YARD STORAGE BUILDING	5525 E IMPERIAL HWY, SOUTH GATE 90280	6.4	240	228	--
F343	PW FLOOD-IMPERIAL YARD STORAGE BUILDING	5525 E IMPERIAL HWY, SOUTH GATE 90280	6.4	280	266	--
F344	PW FLOOD-IMPERIAL YARD STORAGE BUILDING	5525 E IMPERIAL HWY, SOUTH GATE 90280	6.4	800	780	--
X783	TED WATKINS MEMORIAL-MAINTENANCE STORAGE BLDG	1335 E 103RD ST, LOS ANGELES 90002	9.3	218	181	--
8060	DOWNEY ADMIN CTR-ISD/ITS DATA RECORDS STORAGE	9230 E IMPERIAL HWY, DOWNEY 90242	6.4	5,255	4,745	--
Y201	SHERIFF-CENTRAL PROPERTY WAREHOUSE	14201 TELEGRAPH RD, SOUTH WHITTIER 90604	8.8	55,000	54,044	--
Y202	SHERIFF-CENTRAL SUPPLY WAREHOUSE	14205 TELEGRAPH RD, SOUTH WHITTIER 90604	8.8	45,000	43,714	--
Y672	STAR CENTER-ACADEMY BUILDING P	11515 S COLIMA RD, WHITTIER 90604	9.9	320	320	--
A097	PUBLIC LIBRARY-WAREHOUSE	7309 ADAMS ST, PARAMOUNT 90723	8.3	12,825	12,498	--
A323	SHERIFF-PARAMOUNT VEHICLE THEFT PROGRAM	15155 GARFIELD AVE, PARAMOUNT 90723	8.2	3,223	3,062	--
0146	RANCHO-MATERIALS MANAGEMENT WAREHOUSE	7601 E IMPERIAL HWY, DOWNEY 90242	5.3	29,795	28,578	--
1101	PUBLIC SAFETY-RANCHO HARRIMAN HOUSE STORAGE	7601 E IMPERIAL HWY, DOWNEY 90242	5.3	4,710	3,050	--
1177	PUBLIC SAFETY-HARRIMAN HOUSE GARAGE STORAGE	7601 E IMPERIAL HWY, DOWNEY 90242	5.3	453	412	--
1202	RANCHO-BLDG 305 (UNUSED)/BLDG 306 MED RECORDS	7601 E IMPERIAL HWY, DOWNEY 90242	5.3	21,153	12,751	--
1268	RANCHO-BUILDING MATERIALS WAREHOUSE	7601 E IMPERIAL HWY, DOWNEY 90242	5.3	2,233	2,083	--
1270	RANCHO-STORAGE BUILDING	7601 E IMPERIAL HWY, DOWNEY 90242	5.3	610	537	--
1278	RANCHO-SHOP MATERIALS WAREHOUSE	7601 E IMPERIAL HWY, DOWNEY 90242	5.3	6,453	5,958	--
2677	OPS-RANCHO POST OFFICE/WAREHOUSE-PROCUREMENT	7601 E IMPERIAL HWY, DOWNEY 90242	5.3	1,000	604	--
3591	RANCHO-BUILDING MATERIALS WAREHOUSE	7601 E IMPERIAL HWY, DOWNEY 90242	5.3	4,765	3,998	--
3592	PUB DEF-FORMER RANCHO CHAPEL/RECORDS STORAGE	7601 E IMPERIAL HWY, DOWNEY 90242	5.3	9,800	6,217	--
3767	ANIMAL CONTROL #1-WAREHOUSE	11258 GARFIELD AVE, DOWNEY 90242	5.1	2,000	1,979	--
4121	RANCHO-BUILDING MATERIALS WAREHOUSE	7601 E IMPERIAL HWY, DOWNEY 90242	5.3	4,048	3,283	--
4191	ANIMAL CONTROL #1-CONCRETE BARN	11258 GARFIELD AVE, DOWNEY 90242	5.1	225	152	--